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INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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**CONFIDENTIAL**REPORT NO. 

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**THIS IS UNEVALUATED INFORMATION**

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SOURCE **Organization**

1. United Steel Works, National Enterprise, in Kladno (N 50-09, E 14-06) consisted of the former Poldi Foundry and the former Marshal Konev Iron Works which, until the end of World War II, was known as the Prague Iron Works.<sup>1</sup> These two plants were independent national enterprises until the autumn of 1945 when they were united and reorganized. This reorganization affected only the administrative setup of the plants; the type of production remained the same; i.e., soft steel of approximately 25 qualities (rails, construction steel, etc.) continued to be produced at the Konev plant and hard steel and stainless steel of about 60 or 70 qualities continued to be produced at the Poldi plant. The administration of the entire enterprise was centralized. There was only one Plant Council, one ROH organization, and one plant CP organization.

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**Production and Equipment**

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2. There was one blast furnace in the United Steel Works. It was about 90 m. high and about 60 m. in diameter at the bottom. Built in the Konev plant after World War II, its construction was completed in the autumn of 1951. The furnace replaced three old blast furnaces in the Konev plant; the three furnaces were dismantled after the new furnace had been completed. The new furnace was supposed to operate without defects for a period of 10 years. However, already in the  operations were discontinued for three or four months because the furnace had to be repaired. About 20 employees of the United Steel Works were arrested and it was rumored that the defects in the furnace were the result of sabotage.

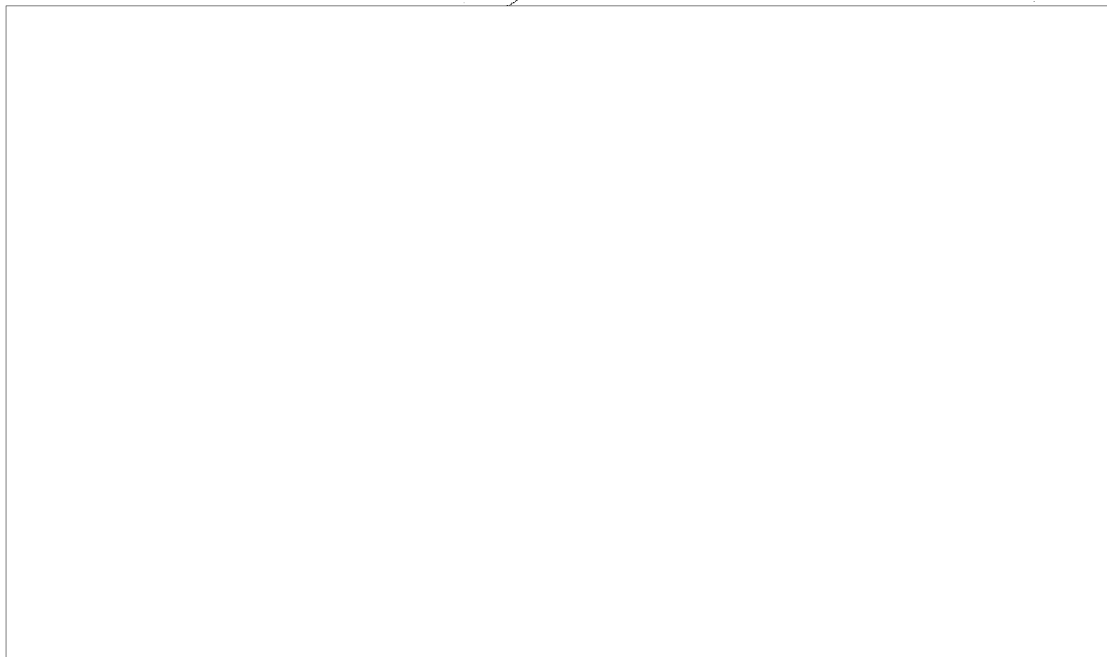
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4. From the yearly output of about 70,000 tons of pig iron produced by the blast furnace, about 48,000 tons were supplied to the Konev plant. This amount covered the requirements of that plant. There were four Siemens-Martin furnaces at the Konev plant. Each furnace had a capacity of 20 tons. An average of eight charges consisting of five tons of pig iron per charge was made in each furnace during a 24-hour period. Only heavy scrap was used in these furnaces. Source estimated the total yearly production of the four furnaces, calculated on the basis of 300 operating days per year, at about 192,000 tons of steel, the vast majority of which was soft steel.
5. There were two steel mills, I and II, in the Poldi plant. Steel Mill I consisted of the following:
  - a. Three Siemens-Martin furnaces, each having a capacity of 6.5 tons. They were connected to two Siemens electric furnaces to which the steel produced in the Siemens-Martin furnaces was transferred in order to improve its quality. An average of nine charges consisting of one ton of pig iron per charge was made during a 24-hour period. The scrap steel used for these furnaces was delivered by the pipe rolling mills in Chomutov (N 50-27, E 13-26), the former Mannesmann Firm. The percentage of nickel used in each charge was from a minimum of three per cent to a maximum of 20% of the total charge. Source estimated that each furnace produced 58.5 tons of steel per day and that the total yearly output of the three furnaces, calculated on the basis of 300 operating days per year, was 52,650 tons. From this total, about 44,753 tons were hard steel and about 7,897 tons were stainless steel.
  - b. Two Siemens-Martin furnaces, each having a capacity of 22 tons, which operated in connection with one "FRIQ" electric furnace. An average of six charges consisting of five tons of pig iron per charge was made during a 24-hour period. Only heavy scrap was used in these furnaces. Source estimated that each furnace produced about 132 tons of steel per day. The total yearly output of these two furnaces, calculated on the basis of 300 operating days per year, amounted to approximately 79,200 tons.

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From this total, about 67,320 tons were hard steel and about 11,880 tons were stainless steel.

- c. An electric high-frequency furnace producing approximately 15,300 tons of stainless steel per year. About 80% of this stainless steel was of the best quality in the form of ingots weighing about 120 kgs., 20 cm. in diameter, and 60 cm. in length.
6. Steel Mill II consisted of the following:
  - a. Three Siemens-Martin furnaces, each having a capacity of 36 tons. An average of six charges consisting of 10 tons of pig iron per charge was made in each furnace during a 24-hour period. Common heavy scrap was used in these furnaces. Source estimated that each furnace produced approximately 216 tons of hard steel during a 24-hour period, which, calculated on the basis of 300 operating days per year, amounted to a combined total of approximately 194,400 tons of hard steel per year from the three furnaces.
  - b. Two electric high-frequency furnaces, capacity 5.5 tons each, which operated in connection with the three furnaces mentioned under 6-a. above. Only one of these electric furnaces was always in operation. Meanwhile the other was being repaired. Originally, there was only one electric high-frequency furnace in the steel mill. It was built during World War II and, at that time, was considered to be the most modern furnace of its kind in German-ruled territory. The second furnace was built recently and was modeled after the first one. It was put into operation in [redacted] however, the United Steel Works complained about it, stating that it was not as good as the older furnace.

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#### Raw Materials and Power Supply

7. The furnaces in Steel Mills I and II required an average of 80,000 tons of pig iron per year. Twenty-two thousand tons were supplied by the Konev blast furnace. Of the remaining 58,000 tons, approximately 60% was supplied by the iron works in Trinec (N 49-41, E 18-39) and the remaining 40% was supplied from Hungary. The pig iron received from Hungary was better than the Czechoslovak pig iron. Konev pig iron was harder than that produced in Trinec, but the former contained more sand than the latter. Specialists at the United Steel Works said that the Konev pig iron contained too much sulphur for use in small furnaces. In addition, about 6,000 tons of pig iron, the origin of which was unknown to source, arrived in 1953 and were stored in the plant's yard. The quality of this pig iron was better than that supplied from Trinec but was not as good as the pig iron supplied from Hungary. A shortage of pig iron had been noticeable since the [redacted] Cast iron ingot molds delivered by the pipe rolling mills in Chomutov were used to make up the shortage.
8. Source estimated the quantity of scrap steel delivered from the pipe rolling mills in Chomutov to be about 27,000 tons yearly. It was loaded on 1,800 - 2,000 railroad cars. A shortage of this type of scrap had also been noticeable since the [redacted] This type of steel scrap was also delivered by the Chomutov plant to the iron works in the Ostrava area.
9. The common heavy scrap used by the United Steel Works was, for the most part, imported from abroad, mainly from West Germany and Hungary. However, all scrap imports ceased [redacted] the United Steel Works has used only Czechoslovak scrap. This resulted in a

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The Kladno city gas plant, which was not as large as the gas plant at the United Steel Works, provided the necessary additional supply of gas. The gas container at the plant was new; it was built about 1950. It was about 50 m. high and about 40 m. in diameter.

#### Destination of Finished Products

12. Formerly about 80% of the total output of the United Steel Works was sent to the USSR; the remaining 20% was utilized in Czechoslovakia. Deliveries consisting mainly of rails were also made to Poland and Hungary, but these deliveries were small and did not affect the overall percentage figures. After the beginning of [ ] deliveries to the USSR decreased; about 50% of the total plant output as of [ ] was delivered to the USSR. The remaining 50% was utilized in Czechoslovakia. About one half of the shipments to the USSR consisted of rails, both normal and narrow gauge. Shipments of wire to Switzerland for use in the manufacture of screws were the last deliveries made to the West by the United Steel Works. These deliveries were discontinued in [ ] when Switzerland returned the goods because of poor quality. Since the [ ] ingots of all sizes have been piling up in the Poldi plant, apparently because orders did not cover the quantity produced. Stainless steel and soft steel products continued to be shipped out without difficulty.

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#### New Equipment

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#### Maintenance and Rumors of Sabotage

14. The furnaces were in good working condition but maintenance was poor. Minor repairs of the lining which required only one or two hours to complete were postponed as long as possible -- one shift left the job for the next shift, etc. In some cases, the furnace foreman of a shift was bribed to postpone the repair of the furnaces because the workers did not want to miss a single charge since this would involve the loss of money. These practices did not contribute to the quality of the steel just as the quality was not improved by the practice of speeding production by the use of "quick heat". Defects in the lining on the bottom of the furnaces caused the iron to solidify in this area and, therefore, it did not mix properly. Once or twice a month, [ ]

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shortage of scrap which has gradually become more acute. The United Steel Works first tried to counter the lack of common heavy scrap by producing larger quantities of stainless steel, at the expense of normal steel production. They also attempted to alleviate the shortage of scrap by using residue which was found on the bottom of basins from which the liquid steel had been poured into cast iron molds in the production of ingots. Formerly, after it had cooled and solidified, such residue was piled in the plant's yard and was not utilized; under normal conditions it was considered too expensive to break this residue into small pieces -- the residue from each basin weighed from 1.5 to six tons. All the accumulated residue had been used by

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so bad that trucks from the United Steel Works had to be sent out to pick up scrap from factories up to 100 miles distant. Although the situation improved somewhat in [ ] when the works received large quantities of scrap salvaged from worn-out railroad cars from the railroad workshops in Louny (N 50-21, E 13-48) and elsewhere, the shortage of scrap finally resulted in the lessening of furnace output. Source estimated the total production capacity of the United Steel Works in Kladno to be about 533,550 tons of steel per year. This quantity had been more or less constantly attained. [ ] however, one of the three 36-ton Siemens-Martin furnaces in Steel Mill II was always out of operation because of the lack of common heavy scrap.

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10. Source stated that all ferro-alloys were stored in a special area to which he did not have access. Only the steel mill technician and foreman handled the ferro-alloys and, therefore, source did not know the quantities and percentages of alloys used in production at the United Steel Works. The alloys were delivered to the works in small cases, i.e., approximately 45 x 35 x 25 cm. The cases were labeled with Swedish inscriptions and arrived on railroad cars which came from Italy, France, Switzerland, Austria and Belgium. Nickel was delivered on Austrian and Yugoslav railroad cars for the most part. Manganese arrived from Poland. There was also a shortage of alloys, although the lack of scrap was much more serious. Nickel was quite often substituted for tungsten.
11. Source estimated the plant's total limestone requirements to be approximately 222,600 tons per year. From this amount, 76,800 tons were for use in the Konev plant, 64,800 tons were for Steel Mill I and 81,000 tons were for Steel Mill II of the Poldi plant. All of the limestone was delivered from Morin, located somewhere in the Beroun (N 49-57, E 14-05) area. There were old limestone quarries in Morin which had been substantially enlarged after World War II. Coal for the plant was supplied from coal mines in the Kladno black coal basin, principally from the Fierlingr II Mine in Libusin (N 50-10, E 14-03). Electricity was supplied by power plants located at the coal mines, principally by the power plant located at the Czechoslovak Army Mine in Lany (N 50-07, E 13-58). The United Steel Works had no power plant of its own nor did the city of Kladno have a plant but it was intended to construct a city power plant in Kladno in the near future. Supplies of electric current were adequate, however. Source noticed that on several occasions [ ] when a shortage of current forced production to halt in the coal mines for a few hours at a time, the steel works nevertheless continued to operate. The coke plant at the United Steel Works was old but had been modernized during the German occupation. Source knew no production figures of the coke plant; however, he stated that its gas production could not meet requirements when all of the furnaces were in operation.

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one of the two electric furnaces operating in connection with the three 6½-ton Siemens-Martin furnaces in Steel Mill I developed a defect. It frequently occurred that after the furnace had been repaired it operated satisfactorily for only two or three shifts instead of operating satisfactorily for about six weeks as should have been the case. The electric furnace operating in connection with the two 22-ton Siemens-Martin furnaces in Steel Mill I also developed defects; however, the defects did not occur as frequently as with the two furnaces mentioned previously. It was rumored that the defects must have been the result of sabotage because it seemed unlikely that the defects would occur so frequently under normal conditions. Prior [redacted] these electric furnaces developed defects very rarely. About twice a month since the [redacted] the supply of electric current to the various plant installations was cut off. This occurred most frequently during the morning shift. The current was cut off because of defects in the plant's interior circuit, mainly because the conduits became overcharged. An investigation was made to determine the cause of the defect, but it was never determined whether or not it was caused by sabotage. Since the currency reform, it happened more often than before that a charge was spoiled because of foreign matter; for instance, tungsten might appear to have been added to a nickel charge. In these cases too, it was never determined whether or not sabotage was involved. Source stated that he knew of only one minor labor disturbance. It occurred in the [redacted] when the workers in the forge of the Poldi plant slowed down operations to a minimum in order to support their demands for higher wages. The situation lasted about one week and remained confined to the forge; actually, the wages were raised slightly. The workers in other shops praised their fellow workers in the forge; however, they blamed themselves for not having enough courage to follow the example set by the forge workers.

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Transportation Facilities

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15. The main accesses to the United Steel Works were along the old railroad spur track leading from the Dubi (N 50-41, E 13-47) railroad station and along the highway from Prague to Kladno. In the autumn of 1952 a new spur track was put into use which connected the Dubi railroad station with a new common heavy scrap iron storage dump located on the northern premises of the plant. Construction of a new narrow gauge spur track connecting the new scrap dump and the Poldi plant began in 1952; however, because heavy scrap was no longer imported from abroad, construction was discontinued and had not been resumed [redacted]. The locomotives and railroad cars operating on the spur tracks and transporting the iron ore from Nucice made up the Kladno-Nucice Rail Line and were the property of the United Steel Works. There were about 300 railroad freight cars, six or seven steam locomotives for normal gauge track, and at least 35 locomotives for narrow gauge track. Most of the latter 35 locomotives were steam locomotives, although since the end of World War II narrow gauge steam locomotives were gradually being replaced by diesel locomotives of Czechoslovak manufacture. The United Steel Works owned four buses which were old Praga products, about eight 3½- and 1½-ton trucks, and about 20 Tatra and Skoda Tudor passenger cars. However, the majority of transportation was handled by the CSAD (Czechoslovak Road Transport). About 30% of all buses used by the United Steel Works were the property of the city of Prague.

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Personnel and Employment Policies

16. During the war the Poldi Foundry and the Prague Iron Works employed about 36,000 people. In 1949 there were still about 29,000 employees; this number decreased to approximately 26,000 and in [ ] source estimated the total number of employees of the United Steel Works to be approximately 23,000, the trend continuing downward. Out of the 23,000 employees there were about 2,500 administrative workers. About 700 administrative employees worked at the enterprise management, which, since 1946, had been located in the former premises of the District National Committee and District Court. Thus, the management was located outside the plant area. However, the buildings used by the former Iron Works and Poldi managements located in the plant area continued to be used for administrative offices. Out of the 20,500 technicians and workers, about 11,800 were employed in the Konev plant and about 14% of these were women; approximately 8,700 were employed in the Poldi plant of which about 10% were women. 50X1
17. There were women employed in every shop. Originally, the women performed light work only. The plant started to release women in [ ] and to replace them with men. It was planned to release more women and also a number of men starting in [ ] however, this plan did not materialize because the labor office would not permit any mass release of employees. While the United Steel Works was in the process of releasing women workers who performed light work, beginning in [ ] a considerable number of women were also hired. They were strong healthy women who were not assigned to jobs which were considered light work, but to jobs which until that time had been performed only by male workers -- jobs such as crane operators. Thus, since [ ] women have performed the same type of work as men; the only exception being the heavy work at the furnaces. It was rumored among the employees that the women were brought to the plant in order to be trained to perform all types of work so that men could be released in the event of a war. 50X1
18. There were from 200 to 300 apprentices at the United Steel Works. About 40% of them were girls. The apprentices attended theoretical training three days a week and worked at various jobs in the shops the remaining three days. The training period lasted two years. The number of apprentices was decreasing. The apprentices were billeted in the new housing project for miners and foundry workers in Kladno-Rozdelov. 50X1
19. Prisoners were no longer employed at the United Steel Works. The last contingent, made up of both political and criminal female prisoners, was removed from the plant in the [ ] VS (Vnitřní stráž - Interior Guards) troops were billeted in the barracks vacated by the women prisoners. The last male prisoners left the plant during 1951. The largest number of prisoners, both political and criminal, kept at the plant at one time was 600. 50X1
20. The number of brigade workers, most of whom began working in 1951 and 1952, was decreasing rapidly and new brigades were no longer arriving. Source estimated that the last brigade workers would leave the plant in the [ ] The lack of interest in labor brigades was clearly noticeable for the first time in 1952. Starting with that year the brigade workers signing for contract were no longer paid a yearly bonus. The surplus of labor had been very noticeable since [ ] Starting with [ ] the brigade workers, upon completion of their contract, were no longer allowed to extend their contract 50X1

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but had the choice of (a) remaining as permanent workers in the plant with none of the privileges they had enjoyed as brigade workers or (b) leaving the plant. Most of the workers preferred to leave the plant. In the [ ] the brigade workers 50X1 who had been recruited in 1951 were completing their contracts. Most of them were from Prague. Since the [ ] employees 50X1 were released for work in agriculture. Among those released were professional employees such as locomotive engineers. Source stated that formerly it was absolutely out of the question to release specialists of this kind.

21. In addition to the above-mentioned employment policies, the plant physicians also changed their ways. [ ] it 50X1 was very difficult and administratively complicated to obtain a certificate of illness, but [ ] it was becoming much 50X1 easier to remain absent from work because of illness. The physicians had even been known to ask employees how long they 50X1 wished to remain at home. [ ] similar situations regarding labor brigades and sick leave policy existed in the Ostrava and Trinec foundries and in the shipyards in Prague-Holesovice where he had friends among the employees. Source believed the surplus of labor was more or less general throughout the country since he was told in [ ] by a chief 50X1 executive of the Prague Central Labor Office [ ] that 30,000 or more people were seeking employment in Prague alone. The management of the United Steel Works tried to decrease the number of employees, not only because of the lack of work which was mainly due to the shortage of scrap as mentioned above, but also in order to save money. As a matter of fact, [ ] 50X1 there was a deficit in the Poldi plant amounting to 105,000,000 50X1 crowns. Source did not know the deficit in the Konev plant in [ ] but believed it was even greater. It was rumored that some 50X1 people in the Ministry were arrested in connection with the [ ] deficit at the United Steel Works. Since [ ] the 50X1 management was reducing the number of workers in working groups, simultaneously decreasing the pay. For example, formerly a group of nine workers was paid 8.06 crowns for loading one ton of scrap into a wagon; since [ ] eight workers were paid 7.55 50X1 crowns for the same work. This made an average of five crowns less per shift for each worker in the group.

22. Source stated that of the 20,500 plant employees about 10% were specialists, about 25% took their work seriously and tried to become specialists, and the remaining 65% were disinterested and inefficient. It was especially difficult to find serious and interested workers among the youth employed at the plant. There was a surplus of technicians of all levels of education, including graduate engineers. For instance, one mechanical engineer who graduated from a Moscow Institute in 1950 was in charge of removing waste material, a job which would ordinarily have been performed by an elderly plant employee. Graduate engineers also performed minor office duties which corresponded to the level ordinarily performed by a foreman. Technicians with two years of technical education worked as unskilled laborers.

#### Work Shifts

23. There were three shifts at the plant. Source estimated the number of employees on each shift at the Konev plant as follows: morning shift, 5,480; afternoon shift, 3,820; night shift, 2,500. He estimated the number of employees on each shift at the Poldi plant as follows: morning shift, 4,000; afternoon shift, 2,660; night shift, 2,040. Originally, the entire plant operated seven days a week. Starting with the [ ] however, only the furnaces were operated on Sundays and only the night shift was

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fully manned. The morning shift was only partially manned and there was no afternoon shift. [ ] it was obvious that in the very near future the Sunday morning shift would also be discontinued because of the shortage of scrap. 50X1

#### Morale

24. The morale of the workers had never been very high, but had gradually lowered during the past two years so that in the [ ] it could best be described as low. The workers had been known to remark that the situation during the war was actually better than the present situation. The main reason for the low morale was the fact that employees received smaller salaries because they were required to perform more work for previous pay rates. [ ] production plan was fulfilled by [ ] production completed after than time was considered to be above planned output and was therefore better paid. However, [ ] production plan called for the output achieved during the entire year [ ] The food supply situation also contributed to the low morale of the workers. Families in which both husband and wife were employed sometimes went without certain essential foods, such as pork lard and good quality butter, for a period of two weeks or more. It was necessary to stand in line for several hours to procure these items. Source estimated that about 25% of the total number of employees at the United Steel Works were Communist Party members; however, not all of them favored the regime. 50X1

#### Salaries

25. The average monthly salary of a smelter was from 3,000 to 4,000 crowns. The monthly salary of a laborer at the high-frequency electric furnace was 1,800 crowns. The Chief of Steel Mill I and Steel Mill II received 5,000 crowns per month. In general, the average salary of a worker in the steel works was higher than that of a miner. Employees under 18 years of age were entitled to four weeks vacation; workers between 18 and 25 years of age were entitled to two weeks vacation; employees over 25 years of age were entitled to three weeks vacation. Workers who had performed manual labor for at least 15 years were entitled to four weeks vacation per year. The hourly salary of a worker paid during his vacation was equal to the average hourly salary paid during the three months prior to his leave, including all extra payments. Consequently, the worker received a higher salary during his vacation than he would ordinarily receive during the same period on the job. Employees received from 11 to 26 or more crowns per hour during their vacation. 50X1

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